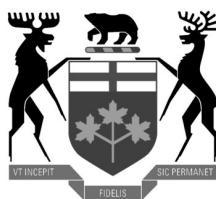


*Memorandum of Understanding
between*

*The Province of Ontario
and
The State of California*

*for collaboration on climate
change and energy efficiency*





Mission Statement

The environmental and economic consequences of climate change and our dependency on fossil fuels compel both California and the Province of Ontario to commit to urgent action to reduce greenhouse gas emissions, promote low carbon technologies and increase the efficiency of energy use. California and Ontario recognize the linkages between climate change, energy security, human health and robust economic growth. Working together, California and Ontario commit to build upon current efforts, share experiences, find new solutions, and work to educate the public on the need for aggressive action to address climate change and promote energy diversity.

We commit to work to:

- ~ Coordinate policies that will achieve real reductions in greenhouse gas emissions.
 - ◇ California and Ontario will share their experiences in developing climate change policies.
 - ◇ California and Ontario will also explore the potential for linkages between market-based mechanisms, such as the Western Regional Climate Action Initiative, that will better enable the carbon market(s) to accelerate the transition to a low carbon economy.
 - ◇ California and Ontario will work together to promote efficient and effective trading at the national, North American and international levels to ensure long lasting, cost effective and verifiable green house gas reductions. As a first step, Ontario and California will work together with other regional partners to explore means by which the Western Regional Climate Action Initiative could integrate a potential trading regime.
- ~ Develop a **Low Carbon Fuel Standard** in our regions.
 - ◇ California pioneered the world's first greenhouse gas standard for the sale of transportation fuels into the state. Ontario has shown with its mandatory ethanol fuel standard that it understands the need to reduce the greenhouse gas emissions footprint resulting from the consumption of fossil fuels in the transportation sector. California and Ontario will coordinate the development of these policies in their regions.
- ~ Collaborate on energy efficiency programs and policies.
 - ◇ We will coordinate our energy sector efforts to switch to clean energy technologies, promote green buildings, efficient lighting and increase the use of efficiency technologies. California and Ontario both already have existing policies in these areas and thus, coordination will harness the knowledge developed as a result.
- ~ Promote innovation technology.
 - ◇ We will strengthen the bilateral trade relationship and promote and explore ways to enhance two way trade and business opportunities in the cleantech and biotech sectors.





Background

~ Premier Dalton McGuinty and Governor Arnold Schwarzenegger have both already committed to aggressive policies to address the impacts of climate change. Leadership is vital given the potential threats of climate change - degradation to our water supply and air quality, flooding dangers, health consequences, and loss of valuable natural resources. But there are also economic opportunities in taking action, in implementing market-based solutions that will drive the innovation needed to build a low carbon economy.

~ New policies are critical if significant cuts in emissions and development of new technologies are to be delivered. Governor Schwarzenegger signed into law the Global Warming Solutions Act of 2006 which places an economy-wide cap on greenhouse gas emissions and requires a reduction of emissions in California to 1990 levels by 2020. He has also set administrative targets to reduce greenhouse gas emissions in the state to 80 percent below 1990 levels by 2050.

~ The closure of Ontario's coal plants is the single largest greenhouse gas reduction program in Canada. In three years Ontario has reduced greenhouse gas emissions from those plants by almost 30%. In addition to banning inefficient light bulbs by 2012, Ontario will have increased renewable power in the province 80 fold by 2008, has developed its Standard Offer program which has directly led to the announcement of the largest solar farm in North America, enabled \$2 billion dollars of investment in energy conservation in the province and protected approximately 1.8 million acres of environmentally-sensitive and agricultural land from urban development and sprawl through the Green Belt Act, 2005.

Next Steps

~ Even with our successes, there is more to be done to reduce greenhouse gas emissions and prepare our environment and our economy for a clean energy revolution. Together and in coordination with business and environmental leaders and other stakeholders we can take actions that protect the planet, are good for the economy, and provide greater energy security and diversity. This should include working with China, India and other rapidly growing economies to develop and deploy clean energy technologies in those countries that will reduce worldwide greenhouse gas emissions.

~ We commit to an exchange of delegations to achieve these goals.

SIGNED on the thirtieth of May in the year 2007.

For the Government of Ontario

Dalton McGuinty

Premier of the Province of Ontario
Canada

For the Government of California

Arnold Schwarzenegger

Governor of the State of California
United States of America